

# **State of Alaska FY2010 Governor's Operating Budget**

## **Department of Labor and Workforce Development Business Services Component Budget Summary**

## Component: Business Services

### Contribution to Department's Mission

The Business Services component contributes to the department's mission by partnering with business and industry to build a trained and prepared workforce.

### Core Services

- Attract resources and investments for workforce development.
- Design workforce development programs through public/private partnerships.
- Verify industry needs and labor shortages and direct resources that result in participant employment.
- Administer federal and state workforce training initiatives that result in skilled Alaskan workforce.
- Expand capacity of workforce development system by supporting regional training centers and advancing career and technical education
- Measure returns on investment and use performance data to build demand driven employment and training programs.

### FY2010 Resources Allocated to Achieve Results

<b>FY2010 Component Budget: \$37,490,500</b>	<b>Personnel:</b>	
	Full time	28
	Part time	0
	<b>Total</b>	<b>28</b>

### Key Component Challenges

Prepare sustainable funding contingencies as a response to unpredictable federal formula funding allocations and potential rescissions (as a result of Congressional action in PY07, \$1,397.8 of federal formula funds for Alaska was rescinded and made unavailable to Business Services component for expenditure), by seeking supplemental funding sources and leveraging funds through partnerships with targeted Alaska business and industry (e.g. oil/gas, construction, transportation, mining, tourism and hospitality, healthcare, etc.). This continual unpredictability of federal training investments hampers the ability to plan for sustainable workforce development, resulting in potential service reductions throughout the department and the reduction of training grants available.

Monitor the Congressional reauthorization of the federal Workforce Investment Act. The mandate to implement common performance measures across all employment and training programs, and potential changes to Youth, Adult and Dislocated Worker program design, funding, and program oversight, plus possible state workforce investment board restructuring will influence and shape Alaska's employment and training program outcomes.

Advocate for a simpler and more stable federal allocation formula for funding WIA Title 1B programs. Currently, the allocations: limit the ability to achieve a key goal of federal allocation formulas which is to distribute program funds to areas based on their relative shares of people eligible to receive services; present time lags between when data is collected and when the allocations are made available so that the allocations do not reflect current labor market conditions; and are excessively volatile, making program planning difficult from year to year.

Continue to build on successes of the Youth First Initiative by showing demonstrable, reportable results tied with program and fiscal performance, participant outcomes, and grantee attainment of goals, and seek ways to formalize a unified system of data collection, as currently the Youth First Initiative performance is done manually or anecdotally.

Implement the second year of the federally funded Alaska Pipeline Worker Training Project to prepare skilled construction workers for ongoing modernization efforts on existing pipelines, and for construction of an anticipated gas pipeline, making use of registered apprenticeship programs, aligning results with the AWIB-endorsed Gasline Training Strategic Plan four key strategies, and using basic skills, industry, and occupational training models through coordination with Regional Training Centers, AVTEC, and the University.

Assist in implementing the Gasline Training Strategic Plan adhering to identified timeline of activity.

Through new legislation, make permanent the State Training and Employment Program (STEP) that expires on June 30, 2010 and update regulations.

Continue to expand registered apprenticeship as a training model that will mitigate the non-resident hire rate and prepare Alaskans for high-demand occupations.

Begin the first year of mandatory data collection on the Alaska Technical Vocational Education Program (TVEP) grantee performance as required by Chapter 47, SLA 08.

Maintain the trend of increased efficiencies in employment and training programs by maximizing leveraging of resources, and streamlining operations, including grant solicitations, negotiations, and management for deliverables, in all programs.

### **Significant Changes in Results to be Delivered in FY2010**

Continue the Alaska Youth First Initiative by requesting \$3.5 million of General Funds in the operating budget to increase participation for youth and adults in construction academies. The funds are used in training up the future Alaska workforce to take advantage of high-demand occupations in high-growth industries; to prepare Alaska's youth for careers and best-bet occupations; and to continue construction academies as a demonstrable, best-practice throughout Alaska. This request will fund the highly successful Alaska Construction Academy activities in Ketchikan, Juneau, Kenai, Matanuska-Susitna Borough, Anchorage and Fairbanks, and expand the model to other communities such as Sitka, Bethel, Nome, Barrow or other communities that demonstrate demand for workers.

Based on the department's cash flow projections, the State Training and Employment Program (STEP) will have \$8,919.1 available for grants and administration costs in FY 10. The current authorization for the Business Services component is \$8,344.0. To provide additional training opportunities for Alaskans, an increment of \$575.1 is needed to fully obligate the available funds.

Included in this budget request for the Business Services Component is a request to authorize expenditure of \$128.5 of TVEP funds to cover costs associated with administering and monitoring \$8,804.0 of TVEP grants, including issuing grant agreements, annual budget preparation, technical assistance, and performance monitoring as required by Chapter 47, SLA 08. The request will cover division personal services and associated costs, and contractual services with the Research and Analysis Section to comply with legislative reporting requirements set out in Chapter 47.

A significant change in the Business Services component is the renewed focus on the mission to build industry partnerships that result in a trained and prepared workforce. Business Services will continue to cultivate new partnerships with the University, Denali Commission, school districts, employers, technical training providers, and Native Alaskan training and employment programs. These new partnerships permit leveraging resources from other programs to support increased training opportunities for Alaskan youth and adults for high-growth occupations in high-demand industries.

### **Major Component Accomplishments in 2008**

Developed and implemented goals of Alaska's Youth First Initiative with the FY08 investment of \$2.300 in General Funds: granted out \$1,983,041 focusing on career awareness and work experience opportunities for Alaska's youth. FY08 outcomes included: 11,362 youth served through career guides; 3,293 youth completed at least one Youth Employability Skill activity; 998 youth participated in paid and un-paid work experience; 251 partnerships were

formed by various grantees; 552 students participated in Academic/Training; and 49 teachers completed externships in three target industries including healthcare, construction and resource development with an impact on over 2,000 students.

Implemented goals of the \$7 million grant award under the President's High Growth Job Training Initiative (HGJTI). Increased capacity to recruit and train workers for careers in the energy industry, and conducted an in-depth evaluation of the project, with submission date to U.S. Department of Labor, Employment and Training Administration by December 31, 2008, to share best practices among the national workforce investment system. Worked to increase postsecondary training capacity and to "fast-track" adults into apprenticeship programs and jobs in the targeted high growth industries, resulting in 848 adults being registered in this project with 740 receiving a training service in energy related industries (mining, oil, gas, construction and transportation). Of those HGJTI participants who completed training, 87.1% re-entered employment and total earnings of program participants increased by 57.0% when comparing the 12 months prior to training to the 12 months following training. Total Alaska wage and salary earnings in the year following training were approximately \$9.4 million.

Supported the expansion of the Youth First Initiative by increasing participation in the Anchorage (King Career Center) and Fairbanks (Hutchison Technical High School) construction academies, institutionalizing the concept of work readiness in our education system. Projections for enrollment of the Anchorage and Fairbanks construction academies in FY 08 with the \$2 million CIP General Fund investment to the Business Services component included: training 700 high school students and 175 adults; 75 of the high school graduates entering employment in construction related jobs, and 35 entering post-secondary training programs such as apprenticeships, college, or additional vocational training. Further estimates included 130 adult course completers entering employment in construction related jobs six months following their Alaska Construction Academy (AkCA) course, and 30 adult course completers accepted into construction trades related apprenticeship programs.

The Business Services component continued to refine the process of issuing and evaluating Requests for Training Proposals in 2008, improving accountability, increased resource alignment and the overall granting and negotiation process. Focused solicitation language articulating Alaska's workforce development priorities and aligning initiatives among multiple funding sources created competitive interest among respondents and receipt of proposals with more defined training outcomes linked to jobs, plus grantee contributions. The increased competition enabled the division to enter into better articulated grant agreements with business, industry and education partners for advanced training opportunities, and the alignment of funding sources permitted innovative services to a broader spectrum of Alaskans seeking training.

Continued redesigning service delivery of Rapid Response program by shifting the focus on averting layoffs and business closures in 12 rural Southeast communities, through developing the Rural Outreach Programs for Entrepreneurs (ROPE), centered on services provided by the Small Business Development Center. In FY08, the team assisted 66 businesses that were experiencing layoffs, impacting over 500 individuals.

Achieved, and in some cases exceeded, the negotiated Workforce Investment Act, Title IB performance level goals in all categories for Program Year 07.

Began the first year of four, implementing the Alaska Pipeline Worker Training Project by redefining scope of services for U.S. Department of Labor, Employment and Training Administration, having received approval for a final modification to the \$7,500.0 grant, aligning with the AWIB endorsed Gasline Training Strategic Plan.

Refined Alaska's Office of Apprenticeship work plan to implement Gasline related activities in support of Regional Training Centers.

## **Statutory and Regulatory Authority**

### Federal Authority:

Public Law 104-193	Personal Responsibility and Work Opportunity Reconciliation Act of 1995
Public Law 105-33	Balanced Budget Act of 1997
Public Law 105-220	Workforce Investment Act of 1998
Title III of Public Law 105-227	Denali Commission Act of 1998

20 CFR parts 660-671  
29 CFR part 37

WIA Title 1b Regulations  
EEO Regulations

Statutory Authority:  
AS 23.15.550 - .850  
AS 44.31.020 (5)  
AS 44.31

Alaska Workforce Investment Board  
Alaska Employment Security Act  
Department of Labor and Workforce Development

Administrative Regulations:

8 AAC 84  
8 AAC 85  
8 AAC 86  
8 AAC 87-89

Alaska Human Resource Investment Council  
Employment Security  
State Technical and Vocational Education Program  
State Training and Employment Program

Admin Order #113  
workforce.

Alaska Job Training Coordinating Council - Relating to employment/training of

Admin Order #182 Designating the AHRIC (now AWIB) as state workforce investment board as required by the Workforce Investment Act of 1998; establishing two local workforce investment areas and boards; and designating the Alaska Job Center Network as the state's one-stop career system.

Admin Order #205

Establishes the Division of Business Partnerships

Admin Order #210 Designates the State of Alaska as a single state workforce investment area, the Alaska Workforce Investment Board as the state's sole workforce investment board and changes AO 205 to modify the reorganization of the Department of Labor and Workforce Development.

### Contact Information

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**Business Services  
Component Financial Summary**

*All dollars shown in thousands*

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	1,978.0	2,429.0	2,532.8
72000 Travel	126.9	118.8	173.2
73000 Services	1,086.0	4,493.3	4,578.0
74000 Commodities	104.5	33.9	63.1
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	21,358.7	29,651.5	30,143.4
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>24,654.1</b>	<b>36,726.5</b>	<b>37,490.5</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	16,841.8	25,280.9	25,325.2
1004 General Fund Receipts	2,271.0	2,908.8	2,914.3
1007 Inter-Agency Receipts	0.0	554.4	554.4
1054 State Employment & Training Program	5,541.3	7,982.4	8,568.1
1151 Technical Vocational Education Program Account	0.0	0.0	128.5
<b>Funding Totals</b>	<b>24,654.1</b>	<b>36,726.5</b>	<b>37,490.5</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Unrestricted Revenues</b>				
State Employment and Training Program	51394	5,541.3	7,982.4	8,568.1
Technical Vocational Education Program	51433	0.0	0.0	128.5
<b>Unrestricted Total</b>		<b>5,541.3</b>	<b>7,982.4</b>	<b>8,696.6</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	16,841.8	25,280.9	25,325.2
Interagency Receipts	51015	0.0	554.4	554.4
<b>Restricted Total</b>		<b>16,841.8</b>	<b>25,835.3</b>	<b>25,879.6</b>
<b>Total Estimated Revenues</b>		<b>22,383.1</b>	<b>33,817.7</b>	<b>34,576.2</b>

**Summary of Component Budget Changes  
From FY2009 Management Plan to FY2010 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2009 Management Plan</b>	<b>2,908.8</b>	<b>25,280.9</b>	<b>8,536.8</b>	<b>36,726.5</b>
<b>Adjustments which will continue current level of service:</b>				
-Delete One-time General Funds for Gasline Workforce Development	-585.0	0.0	0.0	-585.0
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	5.5	44.3	10.6	60.4
<b>Proposed budget increases:</b>				
-Add General Funds for Gasline Related Activity for Apprenticeships and Regional Training Centers	585.0	0.0	0.0	585.0
-Increase State Training and Employment Program Authorization to Provide Additional Training Opportunities to Alaskans	0.0	0.0	575.1	575.1
-Add Technical Vocational Education Program Funding to Support Administration and Performance Monitoring	0.0	0.0	128.5	128.5
<b>FY2010 Governor</b>	<b>2,914.3</b>	<b>25,325.2</b>	<b>9,251.0</b>	<b>37,490.5</b>

Business Services Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2009 Management Plan	FY2010 Governor		
Full-time	28	28	Annual Salaries	1,687,507
Part-time	0	0	COLA	67,468
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	883,102
			<i>Less 3.99% Vacancy Factor</i>	<i>(105,277)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>28</b>	<b>28</b>	<b>Total Personal Services</b>	<b>2,532,800</b>

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Tech I	0	0	1	0	1
Accounting Tech III	0	0	1	0	1
Admin Operations Mgr II	0	0	1	0	1
Administrative Assistant I	1	0	0	0	1
Administrative Clerk III	1	0	1	0	2
Administrative Officer I	0	0	1	0	1
Apprenticeship Outreach Coord	1	0	0	0	1
Asst Dir Employ Security	2	0	0	0	2
Division Director	0	0	1	0	1
Employ Sec Analyst II	2	0	1	0	3
Employ Sec Analyst III	4	0	0	0	4
Grants Administrator I	1	0	0	0	1
Grants Administrator II	4	0	0	0	4
Grants Administrator III	1	0	0	0	1
Prog Coordinator	1	0	1	0	2
Project Coord	1	0	0	0	1
Research Analyst III	0	0	1	0	1
<b>Totals</b>	<b>19</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>28</b>